

## TRIM

# A properly balanced diet for inventory management

**R. H. Falck**  
*Executive Vice President  
Merchandise Systems  
And Distribution*

**T**rim is Total Retail Inventory Management, a merchandising philosophy that means changes in several areas of K mart operations over the next five years.

The dictionary definition of "trim" means to exhibit neatness and good order, to cut, to balance, and certainly all of these apply to inventory management. As the definition implies, TRIM is not negative. It means making things lean and hard in a positive way.

TRIM envisions Centralized Merchandising as most effective for certain departments. The KMA system—people, programs and distribution network—is apparel-oriented in purchasing and allocation techniques. Expansion of the KMA system to handle all wearing apparel merchandise (Men's & Boys', Infants Wear, Fashion Accessories and Sporting Goods soft lines) provides the most efficient approach to centralization. KMA's expertise allows for quicker implementation of inventory management sooner.

For those non-apparel categories in which Central Merchandising would be best, TRIM recommends the development of Central Merchandising Systems at KIH. Two distinct ordering processes are visualized by TRIM: One will be the Centralized previously mentioned. Other departments are to be operated on a Decentralized system, whereby local input of management personnel is necessary.

For ordering, the Scanner Ordering System (SOS) has been implemented. Orders are placed using a hand held portable terminal on the sales floor and in the stockroom. The scanner electronically reads a bar coded label on the shelf, records the information, and transfers it in the form of an order, to the

KIN mini-computer in the store office. SOS reduces reorder time, improves order data accuracy, improves sales floor assortments and reduces stockroom inventory levels.

The planning aspect is the key. We must forecast basic store orders, seasonal requirements, and event merchandise. Deviations from the plan must be monitored and analyzed, and sufficient justification for any changes must be apparent.

A successful merchandise management system must provide factual information on which to base decisions. MOPS is a processing activity through which all orders pass. All MOPS departments offer the vendor the option of receiving their orders through direct transmission or by direct mail from KIH. Stores enter their orders through KIN and these orders are transmitted to KIH that night. The orders are processed the following night at KIH and are then available for vendor access 48 hours after they are entered at the store.

K mart's logistical network consists of four major channels, each matched to the store's needs in terms of timeliness and cost efficiency: 1) vendor shipments direct to stores, 2) distribution center "pass-through" shipments, 3) assembler and consolidation shipments, and 4) distribution center shipments from inventory.

The successful implementation of Total Retail Inventory Management requires the total involvement of district managers and regional office executives. Since TRIM will provide the proper tools for effective investment control by store management, supervision and training must come from the regional office. Directors of store merchandising will be involved in the review of, analysis of, and necessary follow-up to sales and inventory information.

Inventory reduction will be achieved by emphasis on seasonable timing, streamline assortments, im-

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